



News From:

U.S. Congressman John B. Larson

serving Connecticut's First District

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CONGRESSMAN LARSON INTRODUCES CARBON TAX LEGISLATION

Washington, DC -- Congressman John B. Larson (*CT-01*), Chairman of the House Democratic Caucus, introduced legislation today that would tackle our climate change crisis while protecting hard working Americans from rising energy costs.

The carbon tax legislation will put a tax on the producer of carbon emissions and pass the revenue on to working Americans as a payroll tax rebate.

"I believe that the best way to address climate change is the way that is simplest and most transparent," said Larson. "Unlike a cap and trade system, my carbon tax would create no complex new bureaucracies or complicated auction schemes. Rescuing our environment should not be an excuse to create a new market for investors to exploit. We've seen the impact of rampant speculation and out of control derivative trading on our energy market, our housing market, and our stock market.

Our planet is too precious to put in the hands of Wall Street executives looking to make a profit."

Instead of creating a market that would be a boon for Wall Street, Larson's legislation would create a tax cut that would be a boon for working Americans. A recent study found that the auction a cap and trade system would create would lead to the world's largest derivative market. Warren Buffet wrote in his letter to shareholders this week that derivatives are dangerous and impossible to regulate.

In fact, some companies are already trading carbon credit derivatives in anticipation of a cap

and trade system.

Larson said, **"if we haven't been able to properly regulate derivatives so far, what makes us think we would be able to regulate carbon credit derivatives? We are suffering the effects of one speculative bubble bursting now.**

The American people simply do not want another system they might have to bailout."

The American people want their government to level with them. They understand that any climate change policy we enact will increase energy costs.

So, rather than hide those costs in a complicated auction system, Larson's legislation is simple and straightforward.

It would put a \$15 per metric ton tax on carbon at the source - the mine mouth, refinery or point of importation - in the first year, increasing \$10 per year after that.

The revenue would be distributed right away to hard working Americans and alternative energy investment.

"I have yet to meet one person who can explain a cap and trade auction in a way that someone at Augie and Ray's, my local diner, could understand," said Larson.

"But, a carbon tax is a simple solution that people can wrap their arms around."

A carbon tax also offers the benefit of price certainty to American families and small businesses. A cap and trade system could lead to wild fluctuations in energy prices, making it hard for families and businesses to plan and budget. By regularly monitoring emissions and adjusting the rate of taxation, as this legislation does, it can also provide some certainty in emissions reduction.

Congressman Larson's carbon tax legislation fits within the broad framework the Obama Administration laid out in its budget outline. It would use the revenue of a new climate change policy to pass tax savings on to the consumer and help impacted industries.

"We agree on the goal, the debate is over the mechanism," said Larson.

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